

# MARVELLOUS MAURITIUS

**Previously nonresidents could only stay at the luxurious hotels or rent houses and apartments in Mauritius. No longer. Now anyone can own a piece of island paradise.**


Words **Anne Taylor**

**T**he Indian Ocean island of Mauritius is the latest offshore property market to attract international attention, and it's one which South Africans may feel more confident about than, say, Croatia or Panama, which are currently being marketed worldwide. Tropical, small, friendly and both English- and French-speaking, the island's pristine beaches, warm seas, luxury hotels, plantation houses and quaint markets have long been enjoyed by South Africans.

Historically, the main source of income for the island was sugar. Plantations were founded at least a century ago, and for generations the island lived comfortably off the income from this crop. But, following the collapse of the sugar market, the government embarked on an ambitious plan to become the business hub of the Indian Ocean, successfully attracting new business in banking, insurance, and fund and asset management, and it is actively pursuing technology-based business.

The Mauritian economy is booming. At the end of 2007, there was a 5,6 per cent growth in GDP. Private investment as a ratio of GDP is 18 per cent, its highest level in years. Now diversified, its economy has seen active





**There is no capital gains tax or inheritance tax, no exchange controls and a 15 per cent flat tax rate for both corporates and individuals.**

industrial, financial and tourist sectors replacing sugar exports. It has the second highest gross domestic product in Africa, with annual growth of around five to six per cent a year. Infrastructure has been improved considerably since South African businessman Sol Kerzner brought South African holiday makers to the island when he opened the St Geran Hotel about 40 years ago. Attracting foreign investment has already paid off, with over 9 000 foreign entities having bases or branches there. France is the major trading partner, attesting to the close ties between the two. While the French made up more than half the island's holiday visitors last year, South Africans accounted for seven per cent, according to government statistics. English is the official language and is spoken in all the commercial and tourist areas, though Creole French is the widely spoken mother tongue.

The plan is for Mauritius to become a duty-free island by 2010, giving Hong Kong

and Singapore a run for their shopping-tourism money. The government hopes that planned tax-free incentives and duty-free status will add to the attraction for international property investors. Mauritius belongs to all the international bodies for the area, including the SADC, *La Francophonie* (French-speaking countries) and the British Commonwealth. But the government has been very careful about opening the island to acquisitive foreigners. Now, for the first time since its independence, there are two schemes through which foreigners may buy property on the island.

The Real Estate Scheme (RES) allows small landowners to develop freehold land of no more than 10 hectares 'for sale mainly to noncitizens', according to the Mauritian Board of Investment (BOI). These developments can incorporate commercial and leisure facilities as well as residential units. Property in an RES can be bought by foreign nationals, companies and

trusts, but no residency is offered to foreigners buying into an RES. To acquire such property, prospective buyers must make application to the BOI (a processing fee of MR10 000 applies). The purchase of property in an RES would suit holidaymakers who have no intention of settling in Mauritius.

The other scheme offered by the Mauritian government is the Integrated Resort Scheme (IRS), a method of using the now less-profitable sugar estates to create new wealth. The IRS developments contain only luxury homes with a stipulated minimum value (US\$500 000) in controlled projects. High rises are forbidden and the minimum plot size will prevent overcrowding. Many are planned around golf courses, tennis clubs and marinas. An application for a residence permit is made at the same time as purchasing such a property and associated costs are usually incorporated in the selling price. (For more information, see the interview

**OPENING PAGE A publicity shot for Elan's Domaine Bonaventure development perfectly illustrates what draws foreigners to this island paradise. Domaine Bonaventure has been planned to be practically self-sufficient. ABOVE AND OPPOSITE TOP AND BOTTOM Mauritian magic – the Mauritian Board of Investments has made it simple to buy into the good life. OPPOSITE INSET Artist's impression of the view from over the swimming pool at The River Club, marketed by Pam Golding Properties.**

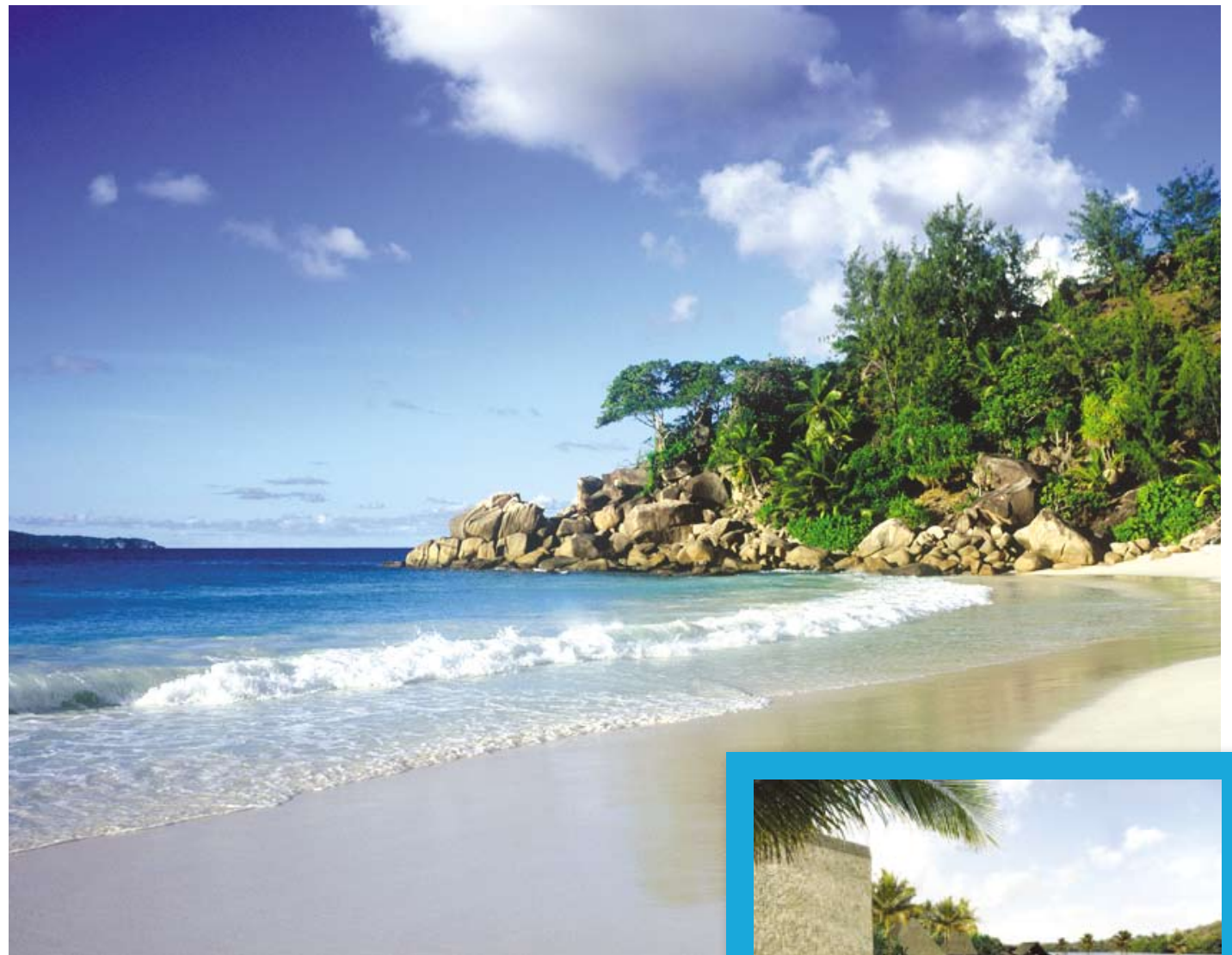
Remax conducted with the BOI on page 54.) A map of the island shows dozens of proposed schemes, not all of which are expected to come to fruition. Currently there are 10 investment projects that have been granted an IRS certificate, while another five ventures have received their letter of approval and are waiting for the certificates.

This will mean that in addition to the current IRS developments, a total of 3 727 units will be developed in the next five years. The final number will depend on government approval rather than demand or finance.

Marketing the first developments was delayed to ensure quality, as maintenance, waste disposal, security and provision of facilities are all centralised and provided by the developer of an IRS. But the first two, Tamarina and Anahita, sold briskly from the first day. Nicolas Vaudin, general manager of Ciel Properties, developers of Anahita, said it took four years to get the resort off the ground because the government wanted to ensure the project's quality; Anahita sold out the first phase of 70 homes in just six hours.

Sherri Motazed, director of Playground Real Estate Sales of Port Louis, the sole marketers of the Anahita project, said the selling price of the first phase ranged from US\$660 000 to \$950 000 per unit, but second phase houses cost between \$1,7-million and \$6-million. The estate includes a Four Seasons Hotel – the first to be launched in Africa – an 18-hole Ernie Els signature golf course, restaurants and boutiques. Its villas are maintained by the hotel and can either be used by owners or pooled to derive rental income. The resort covers 213 hectares on six kilometres of the island's east coast. Sixty of the hotel's 90 suites are on a private island, connected by a footbridge.

Pam Golding Properties' projects division has been appointed exclusive marketers of The River Club, a premier golf and beach resort. Prior to the official launch of The River Club, 36 reservations had already been placed via PGP, with interested buyers mainly from South Africa. The River Club is located on the north-west coast of the island, between the capital Port Louis and the popular tourist haven of Grand Baie. It comprises 337 luxury villas, a championship golf course, five-star hotel, beach club, conferencing facilities, boathouse, children's entertainment centre, tennis courts and state-of-the-art health and wellness spa. The purchase options incorporate golf and river villas, launched in phase one, and hotel suites and indigenous forest lodges to be marketed in phase two. The launch prices range from US\$675 000 for the golf villas to \$1,7-million for the river villas. All homeowners will receive free membership of the golf course and enjoy all the benefits of the five-star amenities of the hotel and beach club. On the south west side of the island, 288 villas and a five-star hotel are going up at another of the first approved IRS developments, Villas Valriche. Adjoining the Black River Gorge National Park, it offers a choice from 22 villa designs by





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award-winning architect JF Adam, which is more than most IRS developments give. The completion of the first 30 villas is expected end-2008. The first phase is selling well, with the second phase soon to open and a second championship golf course planned.

The Elan Group's IRS scheme entails a partnership with the largest construction company in Mauritius to launch Domaine Bonaventure, a village within an estate on the west coast of Mauritius, 10 kilometres from Port Louis. Domaine Bonaventure, comprising 573 villas, 150 apartments and 32 maisonettes, will be practically self-sufficient, with owners enjoying the benefits of an international private school, a day clinic, a commercial and retail complex, sport and recreational facilities, restaurants and bars. Conference facilities, a retirement village and a rental pool scheme are also planned for Domaine Bonaventure.

Club Med is building 40 villas on a 12-hectare stretch of land adjacent to the Village de La Plantation d'Albion on the western side of the island. Owners can make use of their property six weeks per year, rent them out through Club Med. Purchase prices of the are from €945 000 to €184-million.

It's no surprise that it's not just the RES holiday-makers who are eyeing investment property here. The island is a four-hour flight away and has just a two-hour time-zone difference, which makes it feasible for South Africans to conduct business from Mauritius. Another asset for business travellers is that 60 per cent of the island is a wireless hotspot. With an SADC property allowance, no capital gains tax or inheritance tax, no exchange controls, and a 15 per cent flat tax rate for corporates and individuals, Mauritius may well be an investor's paradise. ☺

**NEED TO KNOW:**

■ Residence permission gained when purchasing an IRS property is automatically cancelled when the property is sold. Purchasers have to raise mortgage finance on the island, unless they pay cash. Bonds are readily available through Barclays Bank, HSBC or Investec on the island. Because the villas are sold freehold, they can be bonded, and part of the real estate agents' service is to introduce buyers to local lawyers and banks. Most buyers qualify for 70 per cent bonds at about 6 per cent interest. Repatriation of funds after selling a house on Mauritius is open, but attracts a large transfer fee on the island.

■ Absa Home Loans have launched an international mortgage offering for South Africans looking to buy property overseas. 'Recent currency volatility has no doubt prompted investors to re-look offshore investment opportunities,' says Gavin Opperman, managing executive at Absa Home Loans. Opperman says Mauritius currently offers particularly good value, considering that you can still buy a luxury holiday home in one of the new resort developments for around R4-million. 'That's far less than you'd pay for the equivalent in Clifton or Plettenberg Bay.' He advises investors to put down a cash deposit of at least 40 per cent on offshore property buys as the most effective hedge against currency risks. Absa's international mortgages are available to buy property in any country where Barclays has a presence.

■ According to Mauritian Law, an individual, company, société or a trust can purchase property there. In the case of a trust, the qualified trustee can nominate a beneficiary of the trust for the residence permit. A trust may only purchase property if the trusteeship services are provided by a qualified trustee licensed by the Mauritian Financial Services Commission. The qualified trustee must apply in writing for residency in Mauritius on behalf of the beneficiary of the trust and certain documentation will need to be submitted to the BOI in this regard. However, the Reserve Bank of South Africa will only authorise the transfer of funds if the acquisition is made in the name of the individual, therefore, an SA resident can only buy in a trust if he/she already has money offshore.

# LIVE IN MAURITIUS



Mauritius has long been a dream destination for holidaymakers, and today this dream has become a reality for many foreigners wanting to buy property and settle on the island. RE/MAX has asked the Managing Director of the Board of Investment, Mr. Raju Jadoo, to explain about the different schemes available to foreigners that enable them to live in Mauritius.

**Mr. Jadoo, can you inform the reader about the role of the Board of Investment and what it offers the investor?**

The Board of Investment (BOI) is the national investment promotion agency of the Government of Mauritius. Our role is to promote and facilitate investment in Mauritius.

We provide a range of services, which include: counselling on investment opportunities; providing tailor-made information for the setting up of a business in Mauritius; organising customised meetings and visits; assisting with site locations and production facilities; assisting with occupation permits, licenses and clearances. The BOI is responsible for executing government investment policies and ensuring strict adherence to the provisions of certain regulations and legislation, namely the Non-citizen Property Restriction Act, which specifically governs the acquisition of property by non-citizens in Mauritius.

**Mauritius has an impressive track record in terms of ease of doing business there. Please tell us more about this track record.**

The prevailing investment climate in Mauritius is clearly reflected by our international rankings, which are as follows:

- Mauritius is ranked 27<sup>th</sup> out of 178 countries and 1<sup>st</sup> in the African Region in the *World Bank Doing Business Survey 2008*;
- Mauritius is ranked 18<sup>th</sup> out of 157 countries in the *World Index of Economic Freedom 2008* published jointly by the Heritage Foundation and the Wall Street Journal.
- Mauritius is ranked 60<sup>th</sup> out of 131 countries in the *World Economic Forum Global Competitiveness Report 2008*.

Mauritius is one of the few countries in the world where you can benefit from a simplified and rationalised income and corporate tax of 15% for domestic activities. In addition, the regime has no tax on dividends, no capital gains tax, no inheritance tax, no estate duty and no stamp duty.

There is a wide variety of investment opportunities in Mauritius and I strongly advise all interested parties to visit our Internet portal at [www.investmauritius.com](http://www.investmauritius.com) for detailed information.

**What are the different schemes that are currently available to the foreigner wishing to purchase property in Mauritius?**

- There are two schemes, namely the Integrated Resort Scheme (IRS) and Real Estate Scheme (RES), which allow foreigners to purchase a residential property in Mauritius. These schemes are regulated by the Investment Promotion (Real Estate Development Scheme) Regulations 2007. Only foreigners who hold Permanent Residence (PR) status may acquire a residential property outside these schemes in Mauritius.
- There is also a scheme that allows non-citizens to purchase property for business purposes. Business purposes means the development of a commercial building including, but not

limited to: a shopping mall, or an office building, or a warehouse, for own use, sale, rental or lease.

**What are the advantages of the schemes?**

- Under the IRS and RES, the buyer of the residential property obtains a freehold title.
- An IRS buyer is eligible to apply for a Residence Permit on purchase of the property. The Residence Permit shall remain valid as long as he/she remains owner of the property.
- For the RES, there is no fixed minimum price for the sale of the property to a non-citizen, as compared to the IRS, whereby the sale of the villa has to be at least US\$500,000.
- If the IRS/RES buyer is domiciled in Mauritius, or staying for a period of 183 days in a fiscal year, his/her income will be taxed in Mauritius.

**Is there any facility that allows a foreigner to live in Mauritius without buying a property?**

- Holders of an Occupation Permit or a Residence Permit for Retired Non-citizens may live in Mauritius. Both permits are valid for 3 years renewable and are delivered within 3 days by BOI.
- A non-citizen wishing to apply for an Occupation Permit should first register with the Board of Investment as an Investor, a Professional or a Self-Employed, as the case may be. An investor means a person or body of persons in association, société, partnership or company. A self-employed person is a person engaged in a professional activity. A professional is a person who holds a valid contract of employment with a company, société or partnership, and with a basic monthly salary exceeding MUR30,000.

**The Occupation Permit holder is allowed to work and live in Mauritius. What categories may apply for this permit?**

1. Investor: The business activity should generate an annual turnover exceeding MUR3-million (approx. US\$110,000);
2. Professional: Basic salary should exceed MUR30,000 (approx. US\$1,100) a month;
3. Self-employed: Income from the business activity should exceed Rs.600,000 (approx. US\$22,000) annually.

A retired non-citizen wishing to apply for a residence permit should first register with the Board of Investment. To register as a retired non-citizen, he/she must undertake to transfer to his/her local bank account in Mauritius, at least US\$40,000 annually, or its equivalent in convertible foreign currency.

**What about investment in Commercial and Offices Outlets?**

As I mentioned earlier, there is a scheme that allows non-citizens to purchase property for business purposes in Mauritius. Since 2006, with the promulgation of the Business Facilitation Act, doing business in Mauritius has become simpler.

A non-citizen who wishes to do business should incorporate or register his/her company and register himself/herself with the Board of Investment as investor, whereby he/she should show intent that his/her company will be able to generate a turnover exceeding MUR3-million (US\$1.00 = MUR27.00) per year. On registration as an investor, he/she is eligible to apply for an Occupation Permit, which is valid for 3 years and is delivered within 3 days by the BOI. This permit allows him/her to work and live in the country. The investor is also eligible to acquire an immovable property for conducting his/her business activities.



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